

# INFORMATION LETTER

Not for  
Publication

NATIONAL CANNERS ASSOCIATION

For Members  
Only

No. 1340

Washington, D. C.

June 9, 1951

## N.C.A. Mobile Field Laboratory To Conduct Surveys Of Pea and Corn Factories in Two Midwest States

Continuing the Association's program of bacteriological studies of canning plant operations, the N.C.A. Mobile Field Laboratory is about to resume seasonal studies of peas and corn in canning areas in the midwest.

Three members of the staff from the Washington Research Laboratory will accompany the mobile field unit on surveys of pea factories in Minnesota and corn factories in Wisconsin. For these studies, the trailer laboratory will make its headquarters in Paribault, Minn., beginning about June 18, and in Wisconsin beginning about August 10. The location of the trailer in Wisconsin will be announced later.

All member canners of peas in Minnesota have been advised of the forthcoming survey, and almost all have requested the field service. Canners may avail themselves of this service by contacting any of the group: C. W. Bohrer, in charge, and J. M. Reed and G. R. Walter.

In addition to the usual bacteriological surveys to be conducted, research personnel will be available for consultation on any canning problem which would ordinarily be referred to the Washington Laboratory.

## Label Declaration of Vegetable Protein Hydrolyzates

The Food and Drug Administration has issued a statement of policy on label declarations for hydrolyzed vegetable protein products packaged as such and as ingredients in fabricated food.

The three classes of products that were considered are (1) purified monosodium glutamate; (2) hydrolyzed vegetable proteins, with no removal of monosodium glutamate; and (3) hydrolyzed proteins from which a substantial proportion of monosodium glutamate has been removed.

None of these products may be used as ingredients in foods covered by standards of identity unless they are recognized as optional ingredients under such standards. Where used

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## Canning Machinery Industry Seeks Assurance on Supplies

The Canning Machinery Manufacturers Industry Advisory Committee has requested the National Production Authority to take action assuring them of sufficient supplies to make machinery for packaging the large food crop expected this year.

Committee members stressed that their machinery is often used to package perishable foods that must be canned speedily after harvest. They said that many packing houses are reactivating dormant machinery to aid in the pack, and pointed out that this indicates a growing need for new machinery in the future.

"NPA told the committee that it recognizes the need for such machinery and that materials needed for making many canning machinery items will be provided under the Controlled Materials Plan," according to an NPA announcement.

Because of the shortages existing in copper and nickel alloy supplies, committee members said, the canning machinery industry is conserving these metals by spreading available supplies over more machinery surface. For instance, they pointed out, use of stain-

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## 1951 Canners Directory Mailed This Week to Members

Mailings of the 1951 *Canners Directory* were started this week to members of the N.C.A., and to others who had placed advance orders for copies. Complimentary copies are being sent also to the state, regional and commodity association secretaries and to certain of the personnel of the can companies who had given as-

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## N.C.A. Files Statements On Extension of Defense Act

The N.C.A. on June 8 filed with the Senate and House Committees on Banking and Currency a statement supporting the following important business safeguards in the Defense Production Act of 1950:

(1) The guarantee of generally fair and equitable processing margins, and (2) the protections against (a) involuntary changes in business practices, (b) imposition of grade labeling, (c) elimination of brand names, and (d) mandatory standardization.

The N.C.A. statement also suggested that the present Act be continued without amendment.

The Senate Banking Committee concluded hearings on June 8 on S. 1397, to amend and extend certain portions of the Act which will expire June 30. The House Banking Committee is studying a companion measure, H. R. 3871.

At the meeting of the N.C.A. Board of Directors May 24-25, it was agreed that the N.C.A. would file statements of canning industry views. The full text of the N.C.A. statement is reproduced on page 230.

## Government Controls

Orders of concern to canners are being prepared for issuance soon.

### Can Order, M-25

Amendments to the can order, M-25, to provide for third and fourth quarter packing operations, are being prepared by the National Production Authority. It is expected that the revised order may be issued in a week or ten days.

### Amendment 1 to CPR 42

Amendment 1 to CPR 42, covering early-season canned vegetables, will be issued by the Office of Price Stabilization June 13, effective June 14. The amendment will not change the pricing formula laid down for vegetables originally covered, but will only add new products for certain areas: Several varieties of field peas; broccoli and Brussels sprouts on the West Coast; new potatoes; new potatoes with beans, chiefly in southern states; and rhubarb.

## N.C.A. ACTIVITIES

### The Office of Price Stabilization, Its Policy, and Its Impact on the Canning Industry

On May 24, at the meeting of the N.C.A. Board of Directors, George L. Mehren, Assistant Director of the Food and Restaurant Division, Office of Price Stabilization, spoke off the record. Since the address was off the record and could not be reproduced in the issue of the INFORMATION LETTER reporting on the meeting, the N.C.A. requested him to prepare this special statement characterizing OPS, describing the law under which it operates, its powers, duties and limitations, and summarizing the general policy of the agency and the impact of OPS policy on the canning industry.

#### The Office of Price Stabilization as a Defense Agency

The Office of Price Stabilization is essentially a defense agency. We are one of several defense agencies which exist because there is serious international tension throughout the world. The Defense Production Act of 1950 was passed and OPS was created under its terms because the United States is committed to build and to maintain military strength adequate to meet its commitments incident to this grave international crisis. Many inherent influences inevitably lead toward inflation from meeting these obligations of the nation. We cannot safely assume that the critical state of international tension will soon be bettered. Thus we cannot assume that inflationary pressure—and its dangerous impact on national security—will soon lessen. We have already seen the value of the tax dollar greatly impaired. We have thereby lost military equipment to inflation. We have seen normal patterns of prices, wages, production and distribution gravely distorted. There is ample evidence that the full incidence of inflation inherent in national defense operations has not yet struck the economy. It is therefore the function of the Economic Stabilization Agency, of which OPS is a part, to minimize the damage of realized inflation and to protect the national security against further inflationary damage.

The work of OPS should be appraised in conjunction with that of other defense agencies, all of which must justify their operations in terms of several goals:

- (1) To contribute to the national defense—to maintain and to build our military strength in order to fulfill our national obligations in a world which is far removed from peace;
- (2) To try to get as big an output of civilian goods as is possible after military requirements, both in produced equipment and in productive capacity, have been met. By the time this year is out, about one-fifth of total national output will probably go to military use. Having met these needs, our second aim is to produce

as much as we can for the civilian population and further to maintain such productive capacity.

- (3) Consistent with these first two goals, to minimize interference with or changes in the competitive structure and freedom of private business operations.

These goals are general to any stabilization program undertaken under the Defense Production Act. There are other goals specific to price control in any commodity, service or processing margin. Finally, there are standards specifically governing price control applying to farm products.

We know that price control is difficult and sometimes unpleasant. We know that price control is no single or final solution to inflation and that other methods must also be used. However, we also know that we are not far short of war and that in an economy like ours price control is one of the things that is essential if economic stability is to be maintained. The defense statute vests in the President's office the authority to do what must clearly be done in order to build up our defenses. The Act is broad and sweeping, authorizing, in addition to price and wage stabilization, the promulgation of priorities and allocations, requisitioning of produced output or productive capacity, expansion of productive capacity and control over some kinds of credit.

Thus, as far as price control is concerned, it is one part of the total defense effort. Among other things, the price control title of the law places two major limitations upon OPS. It tells us what we must do and what we can't do in controlling prices in any part of the economy. Further, it tells us what we must not do in imposing controls upon prices of agricultural commodities or upon margins for their processing.

Here is what we must do. We must make five findings before any price control is issued. We must first find, before we can issue any order, that the price of the material or the service, which includes processing operations, has either risen or threatens to rise unreasonably. Much of our policy is built upon a pre-Korean period, because it was after Korea that prices spiralled so wildly. Thus, we meas-

ure the actual or threatened rise in price in comparison with some normal period before Korea. Nearly all of our regulations are founded upon a pre-Korean base period. We seek two goals here—to find a reasonable level of prices and to determine reasonable relations among margins, costs and profits, among industries, commodities and enterprises.

Second, we must demonstrate that the actual or threatened rise above pre-Korean levels in the price of the commodity or service or processing margin will have material effect upon living costs or upon national security. In practice, this means that many very minor items or perhaps services—where enforcement is difficult and administrative costs are high—will not be subject to control.

Third, the Office of Price Stabilization must find that if ceilings were not imposed, the objectives of the Defense Production Act would not be met.

Fourth, we must show that proposed regulations are practicable and feasible. We are aware that there are aspects of all price controls which are undesirable in terms of the operations of any single private business. In normal times, price control would not ordinarily contribute to the productive fluidity of American industry. In times like these, however, the continuation of the violent and uneven spirals of prices, costs, margins and profits is certainly not desirable from the standpoint of business. The explosive impact of such fluctuations upon the military strength and the productive capacity of the country is fully clear.

And, finally, we must show that every regulation proves fair and equitable. If, after our best efforts, an industry feels that it is not making a fair profit, it can seek higher ceilings. Generally speaking, however, no industry need apply for higher ceilings after our interim regulations are in effect if its profits amount to 85 percent of the average for the industry's best three years out of four during 1946-1949.

In a letter to the Director of Price Stabilization Michael V. DiSalle on April 21 of this year, Economic Stabilizer Eric Johnston laid down the long-range policy that the level of "price ceilings for an industry shall normally be considered 'generally fair and equitable' under the Defense Production Act if the dollar profits of the industry amount to 85 percent of the average for the industry's best three years during the period of 1946-49, inclusive."

This is an industry earnings standard, applicable only to an industry as a whole. It does not mean that OPS must or could bail out a dying industry or even an inefficient industry or concern. It does mean that it is not

our function to cripple the profit motive which is the driving force and the major guiding element in the American economy. We know that when average industry earnings meet this standard, there will be enterprises above and below the average level of profits. We know that there are other aspects of individual hardship or inequity in regulations which are fair and equitable to the industry as a whole. Therefore, we are formulating individual adjustment criteria to mitigate individual hardship to the maximum extent consistent with the stabilization goals of this agency.

These five standards apply to all commodities and services. There are additional standards relevant to agricultural products, services and processing.

We must not impose any ceiling price on a farm product at a level below the highest of three legal minimum prices: effective parity price; the price in the month prior to Korea; or, the price in some earlier period declared to be representative by the Secretary of Agriculture. Processors of farm products must be allowed a fair and equitable margin. No ceiling can be placed on a processed farm product such that after deduction of the fair and equitable processing margin a price below the legal minimum would be reflected to growers. We do not guarantee that producers will receive a farm price at least equal to the legal minimum. Only the market can do that. However, we can neither deny a fair margin nor can we hold producer prices below the minimum levels set out in the statute. Market prices at the producer level may rise without control at least until the currently effective parity price is realized.

If disaster in farm production or marketing occurs, we must make appropriate adjustment. We cannot interfere with prices determined under federal marketing agreements and orders.

Thus, we are required in any price control to establish that we have conformed to the standards of the Act. Further, in control of agricultural prices—for materials, services and processing—we must respect parity price as a legal minimum to producers. Wherever equitable and feasible, we shall use as a basis for our regulations the kind of pricing structure that the industry had before the Korean war broke out. We shall do this in order to maintain about the same relationships between costs and prices as existed then. This is fundamentally the structure of nearly all our regulations.

#### Development of Price Stabilization Policy

There have been several major developments in operating policy since OPS was set up. The first major step that OPS took was issuance on January 26, 1951, of the General Ceiling Price Regulation, known as the general freeze. Except for a few speci-

cally designated goods and services, the freeze applied across the entire economy. Its objective was to throttle the hectic spiral of prices and costs which was then shaking the whole structure of business. Briefly, the freeze order provided that any processor, producer or seller could take as his ceiling price the highest price at which he had sold in the preceding month. These are the ceiling prices with which the canning industry will live until its several adjustment orders have become effective. The freeze was drastic. Its single objective was to stop the fevered spiraling of prices which started last July.

At the time of the freeze, the impact of defense spending had not yet hit the nation. Its full force will not be felt for three or four months. Even so, nearly all prices and nearly all costs had virtually exploded. The Office of Price Stabilization knew clearly the inequities which are inherent in any freeze of all prices. We knew that some industries and firms would be squeezed and that others would make very high returns in this period of national crisis. We knew that in the food processing industries some elements might be squeezed, that others would not be hurt, and that others might gain large windfall profits. The danger of every one of these inequities was known when the freeze was effectuated. It was applied, however, because there was no other way quickly and finally to snuff off the explosion which started in July of 1950. The general freeze was applied in full realization that both industry and individual adjustments would have to be made.

Now we are in the latter phases of this adjustment stage. CPR 42, the early vegetable order, which covers asparagus, spinach, early snap beans and other greens for canning, is an adjustment order. It is intended to adjust for allowable cost increase since 1950 and to mitigate the inequities which came out of the freeze. It is founded upon normal relations prevailing in the pre-Korean price structure. This order exemplifies two aspects of general OPS policy in the adjustment stage. Base prices are from a pre-Korean period. Cost increases in farm products may be added up to the legal minimum price. In most of our adjustment orders, including CPR 42 and the general fruit and vegetable canning orders now in process of formulation, two other items of cost may ordinarily be added. Increases in direct labor costs and in direct material costs may, in general, be added to the base period selling prices. This means that increase in indirect costs—overhead, advertising and other costs not directly related to volume of production—must in general be absorbed. There can be no effective price control unless such costs are absorbed. Indirect cost increases may not, as a general rule,

be reflected in increased ceiling prices unless a showing of need under the industry earnings standard or other criteria is made. In choosing a base period, industry should mainly regard the relations of prices, costs, margins and profits among commodities, regions and enterprises. A base period in which these relations are normal should be selected. Then the direct cost increases which have occurred—in direct labor, raw materials and direct materials—should be measured. Data should also be obtained to measure the profit position of the industry as a whole.

We are aware in the OPS that the nation is not fully at war. We are aware also that price control must be enforceable. We know also that interference with business should be minimized. It is in no sense our job to reduce you to bankruptcy. It is not our job to increase your returns. Neither is it our job to induce people to consume either more or less of your products.

In addition to the statutory criteria, OPS policy involves two other standards which have been mentioned above—industry earnings and individual adjustments.

Under the earnings standard, allowance may be claimed for increases in indirect costs if after claiming direct cost allowed, industry earnings are less than 85 percent of average annual earnings during the best three postwar years. However, this profit standard does not apply to an individual company, line of products or any particular commodity. It is for an industry as a whole. If an industry earns 85 percent or more of its average profit in the best three postwar years, OPS has thereby met the legal requirement of fairness and equity. We know though that individual hardship or inequity may not thereby be eliminated. Therefore, the Office of Price Stabilization is developing two standards—the earnings standard for the industry as a whole and the individual standards for hardship cases. When fully formulated, the individual adjustment standards will enable an individual company or a group of individuals to appeal to OPS for adjustment. A series of individual standards under which an individual can appeal is being prepared. These standards have already developed in the second or adjustment stage of price control.

The third stage is to be the tailored regulation—a price control order tailored specifically for the attributes of each industry. Wherever possible, such a tailored order will provide for flat pricing. In this final stage, allowance will be made for cost increases. Having calculated base prices and the cost increases which are justified, we will try to set flat prices by regions and commodities.

## Price Stabilization and the Canning Industry

Prices in the canning industry were frozen last January because this is an important processing industry. Inequities and dislocations occurred. We have recognized them. We have already promulgated an order giving you an adjustment in early vegetables for canning for raw material cost increases and for changes in direct labor and in direct materials. We have provided pricing bases for all major elements of the industry. Much of the structure of this first adjustment regulation will be carried over into the general canning orders for fruits and vegetables. Here raw material increases for products on the parity list may be reflected in ceiling prices up to the legal minimum levels. Again, direct labor and material cost increases will be allowed. It is expected that the base period will be 1948, the most normal of the postwar years. Percentage adjustment factors adequate to cover cost increases since then will be calculated and applied to 1948 prices. The Office of Price Stabilization has made adjustment in the cut-off date for reflecting increases in costs of cans. Problems created by changes in the price of sugar are being considered. Thus with respect to the canning industry we stand now in the second stage of price control. There is no longer a freeze upon prices of early packs. Work is progressing to relieve you from the freeze on all canned fruits and vegetables. You have been or will shortly be allowed the cost increases in raw material costs which are due you under the law. Allowance will also be made for other direct cost increases. Methods of operation should not be hampered seriously. We have recognized the strategic importance of your industry. We have conformed our regulations to the objectives of the Defense Production Act.

As for the future, it is clearly most fruitful and most realistic to consider that price control is necessary while national crisis persists. By next December or before, inflationary influences should again be severe. Price control should be even more necessary by then.

As a representative of a defense agency, I say in closing that we cannot base defense policy upon the assumption that there will be much change in the tension which gave birth to price control. Neither inflation control nor other defense efforts may be turned on and off at will without loss. There is little prospect that the internal economic conditions requiring control will change. Industry should recognize that the OPS is not a punitive agency. We are not trying to change your method of doing business. We are trying to contribute to the defense of the nation and to the strength of the economy. We ask that you help us achieve these goals.

## DEFENSE

## Interpretations to CPR 22 Issued by OPS

The following interpretations under the Manufacturers' General Ceiling Price Regulation, CPR 22, are among those issued by the Office of Price Stabilization:

**CPR 22, Int. 19—General; Applicability of CPR 22 to Wholesalers and Retailers**

Ceiling prices for wholesalers and retailers are not covered by CPR 22. The effect of CPR 22, CPR 30 and other manufacturing regulations upon the ceiling prices of wholesalers and retailers are to be determined by looking to GCPR, SR 29 to GCPR, CPR 7, 14, 15, 16, and other applicable regulations.

**CPR 22, Int. 20—Located in the United States (Sec. 1)**

The clause "manufacturer located in the United States" in Section 1, CPR 22, refers to the location of the manufacturing facilities of the manufacturer and not the location of the manufacturer's main office. Thus, a manufacturer whose main office is in Seattle, Washington, but whose plants are located entirely in Alaska is not a manufacturer located in the United States. Further, a manufacturer who has some plants within the United States and some without the United States is a manufacturer located in the United States only to the extent of the plants located in the United States.

**CPR 22, Int. 21—Subsequent Election to Use CPR 22 (Sec. 1)**

A manufacturer who has elected not to use CPR 22 as permitted by Section 1 may thereafter again exercise his option and elect to use CPR 22. He must, however, first file a Public Form 8 and comply with the provisions of CPR 22.

**CPR 22, Int. 22—Use of Base Period Price and Subsequent Use of CPR 22 (Sec. 3)**

A manufacturer who does not calculate either his labor cost adjustment or his materials cost adjustment, and instead, uses his base period price as his ceiling price under the regulation, as is permitted by Section 3(a), CPR 22, may thereafter make his calculations and establish a new ceiling price under CPR 22. In such case, he would be required by Section 46(b) to file a new Public Form 8.

**CPR 22, Int. 23—Fringe Benefits Not Included in Annual Factory Payroll (Sec. 8(e))**

Fringe benefits may not be included in determining annual "factory payroll" under Section 8(a), CPR 22. However, increases in the cost of fringe benefits are taken into account under Section 8(c), which provides

that such increases may be added to "recomputed payroll."

**CPR 22, Int. 24—Manufacturing Materials—Tools, Jigs, Dies and Fixtures (Sec. 10)**

Inquiries have been received as to whether increased tooling costs may be taken into consideration in calculating the materials cost adjustment under CPR 22. In particular, these inquiries have come from manufacturers of household refrigerators and washing machines and concern the tools, dies, jigs, fixtures and related items which are changed when new models are introduced. Section 10 of CPR 22 defines "manufacturing materials". In addition to a material entering directly into the commodity being priced, the term "manufacturing material" also includes a material "used directly in the manufacturing processes from which the commodity results." The quoted portion of the definition was intended to cover, among other things, expendable tools which are consumed in the manufacturing process. This was pointed out in the Statement of Considerations to CPR 30 (Machinery and Related Manufacturing Goods). Because of the importance of these items in the machinery field, the definition of "manufacturing material" in Section 14 of CPR 30 provided specifically that dies, fixtures, patterns and other listed items were covered, but "only if they are permitted to be included as expense items for Federal tax purposes."

Under this test, only items whose normal useful life is one year or less and whose costs are allowed to be treated as expenses for income tax purposes are covered. However, tools, dies, jigs, fixtures and related items, such as those used by manufacturers of household refrigerators and washing machines and which are used over a period of more than one year or whose normal useful life is more than one year, are included within the definition of "manufacturing material" in Section 10 of CPR 22. They are not, therefore, to be included in calculating the materials cost adjustment under CPR 22. This is so even if in a particular instance the Bureau of Internal Revenue may permit such items to be treated as expense items because of a manufacturer's historical practice of so treating them. Customarily, these items would be capitalized and depreciated over the period of their use and would not be treated as expense items. It is believed that this test is a workable one and is also commonly understood in industry.

**CPR 22, Int. 25—Manufacturing Material (Sec. 10)**

Materials and sub-contracted industrial services used in replacing, maintaining or expanding a manufacturer's plant and equipment are excluded from the term "manufacturing material" by Section 10, CPR 22. Section 10 excludes all such materials and services, whether or not their use is directly dependent upon the rate of manufacture of the commodity being priced, and in addition excludes any other materials or supplies the use of which is not directly dependent upon the rate of manufacture of the commodity being priced.

**CPR 22, Int. 26—Exclusion of Manufacturing Materials from Calculations (Sec. 11)**

It seems that some manufacturers have misconstrued the manner in which to calculate materials cost adjustment, so that changes in net cost of some materials are mistakenly given effect even though they have omitted these materials from their calculations under the provisions of Section 11, CPR 22. Section 11 permits a manufacturer to exclude from the calculation of his materials cost adjustment those manufacturing materials which are not significant or whose cost has not decreased between the prescribed dates. Where such materials are excluded, however, they must be excluded from all calculations. The provisions of the regulation are clear on this point. Materials cost adjustment is obtained by multiplying the change in net cost per unit of each manufacturing material by the physical amount of each such manufacturing material. This method obviously precludes the application of change in net cost to excluded manufacturing materials. Any method of calculation which leads to a contrary result is not permitted under the regulation.

**CPR 22, Int. 27—Freight Rates (Sec. 28)**

Interpretation 1 under GCPR, which concern freight rates, is not applicable to commodities subject to CPR 22. Section 28, CPR 22, and Interpretation 1 under CPR 22 are applicable as to freight rates under CPR 22.

**CPR 22, Int. 28—"Would Have" Operated at a Loss (Sec. 43)**

Under Section 43 of CPR 22 a seller may not apply for an adjustment until after one month's operation under the regulation. The language "would have been conducted at a loss" relates to the situation of a person who was not manufacturing in his customary quantities and proportions but would have lost money if he had been manufacturing in customary quantities and proportions.

**CPR 22, Int. 29—Report Not Required for Commodity No Longer Manufactured (Sec. 46(b))**

CPR 22 does not require the filing of Public Form 8 for a commodity sold during the base period but which

is no longer being made or sold. If that commodity is subsequently manufactured and offered for sale the manufacturer must first, of course, file the form and comply with the provisions of CPR 22.

**CPR 22, Int. 30—Net Sales—Inventory Not Included (Sec. 47)**

"Net sales", as defined in Section 47, is not synonymous with the "value" of goods produced. Thus, in determining net sales under Section 8(a), a manufacturer should not include commodities which were manufactured during his fiscal year ended December 31, 1950, but which were not sold during that year.

**CPR 22, Int. 32—March 15 Date for Commodities Listed in Appendix A (Appendix B)**

Appendix B, par. 1, CPR 22, provides that the change in net cost of a manufacturing material may be calculated up to March 15, 1951, if it is one of the "commodities listed in Appendix A." The only "commodities listed in Appendix A" are those commodities listed in par. (b) and subsequent paragraphs of Appendix A. The provisions of paragraph (a) of Appendix A exempting certain sales from the coverage of CPR 22, is not the listing of commodities which carry a March 15 date. Accordingly the March 15 date does not apply to commodities such as machinery products under CPR 30, or textiles under CPR 37, which are not listed in Appendix A, although par. (a) of Appendix A exempts their sale from CPR 22 because they are covered by a separate numbered regulation. On the other hand, fats and oils, also covered by a separate numbered regulation (CPR 6), are among the commodities actually listed in Appendix A, and therefore take a March 15 date under Appendix B.

**Canning Machinery Industry**

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less steel-clad inner surfaces on kettles and boilers, rather than solid stainless shells, makes possible the production of more equipment with the same amount of stainless steel.

Other conservation measures initiated in the industry and reported to NPA include substitution of nickel silver, containing 18 percent nickel, in places where monel, containing 62 percent nickel, customarily is used.

The committee suggested that NPA ban the use of nickel alloys except on parts coming in direct contact with food. NPA said it would consider the proposal and, if present anticipated savings obviously would result, officials will recommend such steps.

Canning machinery manufacturers' inventories are unbalanced, the committee said, because the present per-

mitted 45-day inventory is not sufficient to allow for minimum mill runs which must be purchased when ordering seldom-used items.

Officials of the U. S. Department of Agriculture agreed with the committee that growing military needs—even in the event of all-out mobilization—probably still would be greater for canned foods than for frozen items. USDA representatives reported that civilian demand for canned foods is steadily increasing.

Committee members reported that orders for maintenance, repair and operating supplies carrying DO-97 ratings average about 20 percent of sales, while direct defense orders average 10 percent.

## RAW PRODUCTS

### Oriental Fruit Fly Control

Investigations by the U. S. Department of Agriculture on control of the Oriental fruit fly in the Hawaiian Islands will be headed by Leroy D. Christenson, it is announced by USDA.

Mr. Christenson has been with the Bureau of Entomology and Plant Quarantine 25 years. He will succeed Dr. Walter Carter, who organized and directed these investigations as an emergency measure upon appropriation of special funds for this purpose in 1949. Dr. Carter is returning to full-time duties as entomologist, Pineapple Research Institute, at Honolulu.

### 1951 Cannery Directory

(Concluded from page 225)

assistance in compilation of the data. Special orders for members of the Canning Machinery & Supplies Association also were filled in the first mailings.

The Directory carries its usual departments: Lists of cannery, giving headquarters address, plants and locations and products packed in each; an over-all commodity index; listings of the membership of the Canning Machinery & Supplies Association and the National Food Brokers Association; officers, directors, committees and staff of the N.C.A.; and officers and business addresses of the state, regional and commodity cannery associations.

Work on the compilation and preparation of the publication has been continuous in the Information Division since the latter part of February, when first data forms were sent out.

## CONGRESS

### N.C.A. Statement on Extension of Defense Production Act

Following is the text of the statement filed by the N.C.A. June 8 with the Senate and House Committees on Banking and Currency, on proposed amendment and extension of the Defense Production Act of 1950 (P. L. 774, 81st Congress):

The National Canners Association is a voluntary trade association comprising approximately 1000 canners who collectively pack approximately 75 percent of the nation's production of canned vegetables, fruits, fish, meat and other canned foods. In view of the demands upon the committee's hearing time, the Association has determined that it can, by brief written statement, adequately present the considered views of the canning industry on the proposed extension of the Defense Production Act of 1950, and specifically on H. R. 3871.

Brevity in presentation, however, should not minimize the importance of the canning industry or the vital stake that it and the growers and consuming public which it serves has in this legislation. Elaboration is unnecessary with respect to the place of the canning industry in the peacetime production of foods and its importance to the current defense efforts.

1. It is the position of the canning industry that the Defense Production Act should be extended for a reasonable period without any amendment. The scope of the delegated authority granted the President under the Act in its present form appears to be more than adequate to deal with the present or any foreseeable emergency. No reason exists at this time for further authority or extension of virtually unfettered executive power over the national economy.

The vast administrative machinery necessary for implementing the broad controls, already authorized, over production, the allocation of scarce materials, the control of prices and the stabilization of wages, is still in considerable measure in the initial stage of organization. Many segments of industry, including the canning industry, are still in a considerable state of confusion as to existing controls. Unquestionably, their impact remains to be evaluated once the attendant uncertainties, inescapable in the development of such regulations, have been resolved. Changes in the existing legislation, unsupported extensions of delegated authority, or any other form of tinkering with the Act appear to be unwarranted.

2. The canning industry's conclusion that extension of the present Act represents the most desirable course is fortified by its firm conviction that there must be retained numerous pro-

visions in the present law which are safeguards both against unreasonable administrative action and against diminished production. Among these are the following:

*First*, the provisions of Section 402 (c) that any price ceiling shall be generally fair and equitable, and the companion provision of Section 402 (d) (3) that

"in establishing and maintaining ceilings on products resulting from the processing of agriculture commodities . . . a generally fair and equitable margin shall be allowed for such processing."

With any guarantee of legal minimum prices to the grower of agricultural products, including canning crops, there must of necessity remain a similar guarantee to processors of an adequate margin if they are to continue in operation.

*Second*, the provisions of Section 402(g) and (h) which prohibit regulations requiring changes in business practices or methods established in any industry. Experience during World War II with respect to the repeated, and ultimately Congressionally prohibited, attempts to utilize price control as a basis for imposing mandatory grading and grade labeling abundantly demonstrates the necessity for retaining these safeguards, and particularly the provisions of Section 402(h). These are essentially designed to prevent those desiring to impose upon industry their own notions as to how it shall produce and market its goods from becoming regulatory hitchhikers on the defense program.

*Third*, the various provisions of Title III, such as the requirement of consultation, the issuance of statements of consideration, etc., which insure that the exercise of these vast delegated powers shall be reasonably and insofar as possible democratically carried on.

3. In reaching the conclusion that the public interest and the defense program can be most effectively served, without impairment of production, by the continuation without change of the Defense Production Act, the canning industry has considered the various proposals, both general and specific, which have been made for its amendment. Inescapably, it appears that many of these new proposals will contribute only confusion and render both the task of administration and compliance far more difficult. Particularization is precluded by the desire to achieve brevity in this statement. The industry does not believe that changes in the substantive authority specified in the Act are at all warranted. As to the procedural

changes proposed for Sections 409, 706, and 707, the industry is vigorously opposed to these. In view of the unavoidable complexity of price regulations, the authorization of treble damage suits is both an unnecessary and unreasonable sanction. A provision for the recovery of the amount of any overcharge plus \$10,000.00 is an adequate deterrent. Injunction suits should be brought, when necessary, only in the jurisdiction where the defendant has his business and not anywhere within the United States or its territories. Lastly, the suggested additions to Section 409 to provide for the obtaining of an administrative license as a condition for doing business is patently unwarranted. Blanket licenses—coupled with the administrative power to revoke licenses and foreclose the opportunity for continuing in business—represent a summary method of drastic regulation alien to our system of government.

Accordingly, the canning industry desires to record its position with this Committee that the Defense Production Act should be continued without change.

## PERSONNEL

### George P. Larrick Appointed Deputy Commissioner of FDA

The appointment of George P. Larrick to be Deputy Commissioner of Food and Drugs was announced June 5 by Commissioner Charles W. Crawford, Food and Drug Administration, Federal Security Agency. Mr. Larrick becomes the second ranking officer of the Food and Drug Administration, succeeding to the position left vacant June 1, when Mr. Crawford became Commissioner.

Mr. Larrick joined the Food and Drug Administration in 1923. He started as an inspector at the Cincinnati station, was transferred to Washington in 1928, and became Senior Food and Drug Inspector in 1930. Mr. Larrick was made Chief Inspector in 1939 and was appointed Associate Commissioner in 1945.

Mr. Crawford also announced seven other appointments to top-ranking positions in FDA's Washington headquarters and field organization:

John L. Harvey, now serving as Director of Regulatory Management, was appointed Associate Commissioner, succeeding Mr. Larrick. Mr. Harvey joined FDA in 1926 as an inspector at Seattle, was chief of the Seattle District for three years, and headed the entire Western District

for 11 years before coming to Washington for his present assignment.

Malcolm R. Stephens, now chief of the Chicago District, will become Associate Commissioner, succeeding Dr. Louis D. Elliott, who has announced his intention to retire June 30, after 38 years in federal service. Dr. Elliott has been in charge of law enforcement operations relating to foods shipped in interstate commerce, and has supervised FDA's import control work since 1945. His successor, Mr. Stephens, joined FDA as an inspector in 1930, and was chief of the St. Louis District from 1939 to 1943, when he became chief at Chicago.

Dr. Kenneth L. Milstead, chief of the Cincinnati District since 1945, will come to Washington to be Director of Regulatory Management, succeeding Mr. Harvey. Dr. Milstead entered the service as a chemist in 1935.

Shelby T. Grey, now chief of the Boston District, will be chief of the Chicago District. He entered FDA service as a seafood inspector in 1934, and has headed the Boston District since 1949.

Chester T. Hubble, now chief of the Minneapolis District, will succeed Dr. Milstead as chief at Cincinnati. Mr. Hubble's first FDA assignment was as seafood inspector in 1934; he has been chief at Minneapolis since 1945.

F. Leslie Hart, chief chemist at Los Angeles, will become chief of the Boston District. He has served as an FDA chemist since 1920.

Maurice P. Kerr, now chief inspector at New York, will become chief of the Minneapolis District. He has been in the inspection service since 1939.

## Canco Advances Vaughn

W. E. (Bill) Vaughn, who has been with American Can Company for 25 years, has been appointed assistant general manager of sales, it has been announced. He had been assistant to the general manager of sales.

Following graduation from the University of Illinois, in 1926, Mr. Vaughn joined the can company as an assistant chemist at its general research laboratories. He was transferred to the sales department in 1935.

Mr. Vaughn was lent to the government in 1942 as a food consultant to the Secretary of War and two years later was placed in charge of canned food procurement. It was under his direction that the 1944 canned food procurement program, the largest ever attempted by the government, was conducted.

He returned to the can company in 1945 as an assistant in the general sales department in New York and three years later was named assistant to the general manager of sales.

## STATISTICS

### 1950-51 Apple Products Packs

Reports on the 1950-51 packs of apples and applesauce have been revised by the N.C.A. Division of Statistics because of additional packing operations since the first report.

The 1950-51 packs of canned apples and applesauce, by states, with comparisons with the 1949-50 season, are reported as follows:

#### 1950-51 Pack of Apples (Revised)

	1949-50	1950-51
	(cases—basis 8/10's)	
New York.....	1,164,797	1,154,390
Md., Pa., and Va.....	2,382,839	3,133,694
Wash. and Ore.....	371,611	774,731
Other states.....	293,915	201,861
U. S. Total.....	4,213,162	5,264,682

#### 1950-51 Pack of Applesauce (Revised)

	1949-50	1950-51
	(actual cases)	
New York.....	2,645,056	3,992,492
Md., Pa., and Va.....	4,763,827	7,192,906
Other states.....	1,282,119	1,848,721
U. S. Total.....	8,690,702	13,034,119

The Division of Statistics also has compiled reports on the May 1 stock position of these products.

#### Canned Apple Stocks and Shipments

	1949-50	1950-51
	(cases—basis 8/10's)	
Carryover, June 1.....	58,821	852,273
Pack.....	4,213,162	5,264,682
Total supply.....	4,271,983	6,116,955
Stocks, May 1.....	(a)	2,745,221
Shipments, June 1 to May 1.....	(a)	3,371,734

(a) Not available. \* Revised due to additional pack.

#### Applesauce Stocks and Shipments

	1949-50	1950-51
	(actual cases)	
Carryover, June 1.....	299,113	1,273,777
Pack.....	8,690,702	13,034,119
Total supply.....	8,989,815	14,307,896
Stocks, May 1.....	(a)	8,760,843
Shipments, June 1 to May 1.....	(a)	8,547,053

(a) Not available. \* Revised due to additional pack.

## 1950 Pack of Pimientos

The 1950 pack of pimientos amounted to 2,294,147 actual cases, according to a report issued by the N.C.A. Division of Statistics. This compares with the 1949 pack of 1,149,876 cases, of which 994,498 cases were packed in Georgia and 155,378 cases in other states. The following table shows the 1950 pimiento pack by states and container sizes:

	Georgia	Other States	U. S. Total
	(actual cases)		
No. 42 Flat.....	78,030	78,030	
No. 42 Tall.....	1,061,781	61,632	1,123,413
No. 72.....	542,729	47,092	589,821
No. 142.....	54,775		54,775
No. 300.....		3,554	3,554
No. 2.....	290,445	25,241	315,686
No. 10.....	1,202	17,274	18,476
Miscellaneous tin.....			
22 Glass.....	34,501		34,501
42 Glass.....	88,689		88,689
72 Glass.....	57,104		57,104
142 Glass.....	98		98
Miscellaneous glass.....			
U. S. Total.....	2,061,324	232,823	2,294,147

Other states include Ala., Ariz., Calif., Tenn., and Tex.

## PUBLICITY

### Pathfinder Magazine

The section "Women" of the May 30 issue of *Pathfinder* magazine carries an interesting article, "Quick Food: Every Woman's Servant." It is illustrated on the front cover of the magazine with "then" sketches showing the work and drudgery necessary in the past to get family meals, and "now" sketches showing the ease and speed of today's meal preparation. The front cover announces the article with the caption "Quick Food . . . Every Woman's Servant."

Women's Editor Evelyn Peterson tells how the 19 million working women of the U. S. may use quick foods and save time. She says that almost half of the working women of the U. S. are married and living with their husbands, and nearly half of these are mothers of children under 18. Miss Peterson goes on to say that this number will be increased, for by 1952 defense schedules will call for 3 million more workers, and women furnish the greatest reservoir for these. And, she states:

"A woman still spends the greatest part of her housekeeping time pre-

paring meals, serving them and clearing up afterwards.

"Fortunately, a whole army of 3,000 manufactured products is ready to do battle in the food field. Bottled, canned, sacked or boxed, these allies afford the modern woman a saving in labor, time and money. There were canned foods in 1900, but only 10 percent of the total produced today. Last year Americans opened 22 billion cans of food—a daily average of 1½ cans per family. And variety of contents seems endless: Of soup alone, there are some 60 different kinds; of baby foods, another 50. Prepared baby foods, which didn't appear until the mid '20's, are expected to gross the five major manufacturers about \$180,000,000 this year. But the consumer pays less for these foods than she did in 1935."

The article also gives time-saving hints from *The Busy Woman's Cook Book* by Ann Williams-Heller, New York food and nutrition consultant. Mrs. Williams-Heller was asked to plan a week's menus of 30-minute dinners for the article. These were tested by a home economist in her home. After preparing the menus, which took her a total of four hours for the seven meals, the home economist figured that it would have taken her 13 hours of work without benefit of the modern time-savers.

Among the quick-to-prepare foods included in the menus, the following canned foods were used: cream of mushroom soup, pea soup, cream of chicken soup, tomato juice, cranberry juice, potatoes, carrots, French fried onion rings, mushrooms, tomato sauce, soup stock, cubed meat, tuna, infant strained prunes, pineapple and fruit salad.

### Better Homes and Gardens

In the June issue of *Better Homes and Gardens* magazine the article, "Moneysaving and Mighty Good," features many canned foods.

Myrna Johnston, foods and equipment editor and author of the article, says that, "The trick to both the moneysaving and the mighty good" is to use summer vegetables to stretch meat, and "look to the thrifty canned meats; to tuna; to cheese and eggs; chicken; and to the good foods like rice and noodles that can make every bite taste meaty."

A two-page color photograph pictures the six thrifty recipes and garnishes that include the following canned foods: pimiento, mushrooms, condensed tomato soup, corn, ripe olives, condensed consommé, tuna, luncheon meat, pineapple and apricots.

### Vegetable Protein Hydrolyzates

(Concluded from page 225)

as ingredients, (1) monosodium glutamate should be declared as such, (2) and (3) may be declared as "salt and hydrolyzed vegetable protein," or "salt and hydrolyzed plant protein."

The FDA statement was published in the *Federal Register* of June 7. The portion of the notice as it relates to users of vegetable protein hydrolyzates follows:

§ 3.23 Notice to manufacturers and users of monosodium glutamate and other hydrolyzed vegetable protein products. Following a review of various statements submitted by manufacturers and distributors of monosodium glutamate and various hydrolyzed plant protein products, the following conclusions have been reached:

(a) The facts submitted establish that there are three classes of products to be considered:

(1) Purified monosodium glutamate.

(2) Hydrolyzed proteins (amino acid salts) from which none of the monosodium glutamate has been removed.

(3) Hydrolyzed proteins (amino acid salts), a by-product in the manufacture of purified monosodium glutamate but from which a substantial proportion of the monosodium glutamate has been removed.

(b) The statement of policy published in the *Federal Register* on June 9, 1949 (21 CFR 3.10; 14 F.R. 3120), is reaffirmed. Monosodium glutamate is the common or usual name of the substance covered in said statement of policy. It need not be declared as an artificial flavoring, but when used as an ingredient of food products should

be declared by its common or usual name. It may not be used in a food for which a standard of identity has been promulgated unless the standard or any amendment thereto recognizes it as an optional ingredient. It may not be used under any circumstances in such a way as to conceal damage or inferiority or make the article appear better or of greater value than it is.

(c) (1) The substance described in paragraph (a) (2) of this section has long been designated as "hydrolyzed vegetable protein."

(2) The substance covered by paragraph (a) (3) of this section should have a distinctive name, since one of its original constituents has been partially removed. Manufacturers have suggested that substance be described as "hydrolyzed vegetable protein with reduced monosodium glutamate content." This designation appears acceptable.

(d) \* \* \*

(e) When the substances described in paragraphs (a) (2) and (3) of this section are used as ingredients in a fabricated food, either may be declared as "salt and hydrolyzed vegetable protein" (or "salt and hydrolyzed plant protein") on the label of the fabricated food product; *Provided*, That where salt is declared as a separate ingredient of the fabricated food, in compliance with section 403 (i) (2) of the act, the word "salt" need not be repeated in connection with the "hydrolyzed vegetable protein" (or "hydrolyzed plant protein") declaration.

(Section (2) (d) relates to the labeling of vegetable protein hydrolyzates as such and not as ingredients of fabricated foods. Because this provision is not of concern to canners, it is not reproduced.)

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